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A MESSAGE FROM MARK J. COSTA

As I reflect on Eastman's Centennial year, the dedication and resolve of our team was again on full display in 2020.

We entered the year with uncertainty, but no one was prepared for the wide-scale disruption caused by COVID-19 nor the numerous instances of racial injustice. I'm grateful to the women and men of Eastman who continue to navigate through this uneasy and unsettling time, adapting to ever-changing circumstances and coming together as never before to do the right thing for our business and society at large.

As Eastman develops new products to meet today's most pressing needs, we must inspire innovative ideas by making every team member feel valued and empowered to do their best work.

>> That's why promoting inclusion and diversity (I&D) is critical to our long-term success.

It helps us solve complex problems, seize new opportunities and positively impact all our stakeholders. It provides a competitive edge.

While we have made progress in I&D in recent years, we still have a lot of work to do. Inside this inaugural annual report you'll learn how we are advancing I&D across our business, meeting our commitments, and helping our team members succeed. To keep stakeholders apprised of ongoing progress, we plan to issue the report annually.

For over 100 years, Eastman's products have made life better for millions of people around the world, thanks to the talents of our action-oriented team members.

By attracting, developing and retaining a diverse workforce—and promoting a welcoming, inclusive culture—we will position our company to thrive for years to come.

Mark J. Costa, Board of Directors Chair and Chief Executive Officer

INVESTING IN OUR FUTURE

Eastman's focus on inclusion and diversity transcends race and gender.

As a global company headquartered in the United States, we recognize diversity is defined differently across countries and cultures. But everywhere we operate, we strive to be a company that welcomes people of all backgrounds, cultures and experiences, and we reward them for achieving challenging business goals. We believe the team will always outthink the individual, and the strongest team is one comprising a rich variety of viewpoints.

Equally important is having an inclusive work environment that gives every team member the chance to contribute and advance to their fullest potential. To that end, we are accelerating efforts across the company to promote inclusion and build a high-performing, innovative organization. These include:

- Investing in leaders' understanding of the roots of inequality.
- Examining ways to disrupt biases in talent and business decisions.
- Increasing connections with underrepresented groups to strengthen our talent pipeline, both internally and externally.
- Creating equitable and welcoming work environments where everyone can thrive.
- Expanding our benefit offerings to meet the breadth of team member needs and values.

Core to any business outcome is setting clear and transparent goals and then creating accountability for achieving them. While true diversity entails more than demographic categories, metrics depicting the race, ethnicity and gender of our team members do suggest how well we are challenging workplace systems and structures that can limit people's full participation. Accordingly, we have long tracked our performance in this regard and continually strive to improve.

is moving faster than ever before,
creating both enormous opportunities to
have an impact on society and the risk of being
quickly left behind. Succeeding in this environment
requires fresh insights, creativity and a willingness
to try different approaches. To achieve that, you
need a team with diverse viewpoints, backgrounds
and experiences. Inclusion and diversity are
essential to Eastman's innovation agenda."

- Steve Crawford, Senior Vice President and Chief Technology & Sustainability Officer

INNOVATING FOR A BETTER CIRCLE

This past year has brought unprecedented change and disruption to communities worldwide,

particularly for historically disadvantaged populations. The COVID-19 pandemic, acts of racial injustice, and significant economic upheaval have all magnified longstanding inequalities. While this report focuses on Eastman's efforts to promote inclusion and diversity in the workplace, it's useful to place these efforts within the context of our broader business strategy and commitment to enhancing the world around us.

That commitment centers on producing products that improve people's lives, while generating processes, systems and material innovations that help mitigate climate change and the plastic waste crisis. At the same time, we strive to create environments that foster a sense of belonging, acceptance and safety, which includes supporting the communities in which our team members live and work. We think of these collective goals as INNOVATING FOR A BETTER CIRCLE — and doing so has never been more important at any time in our company's history.

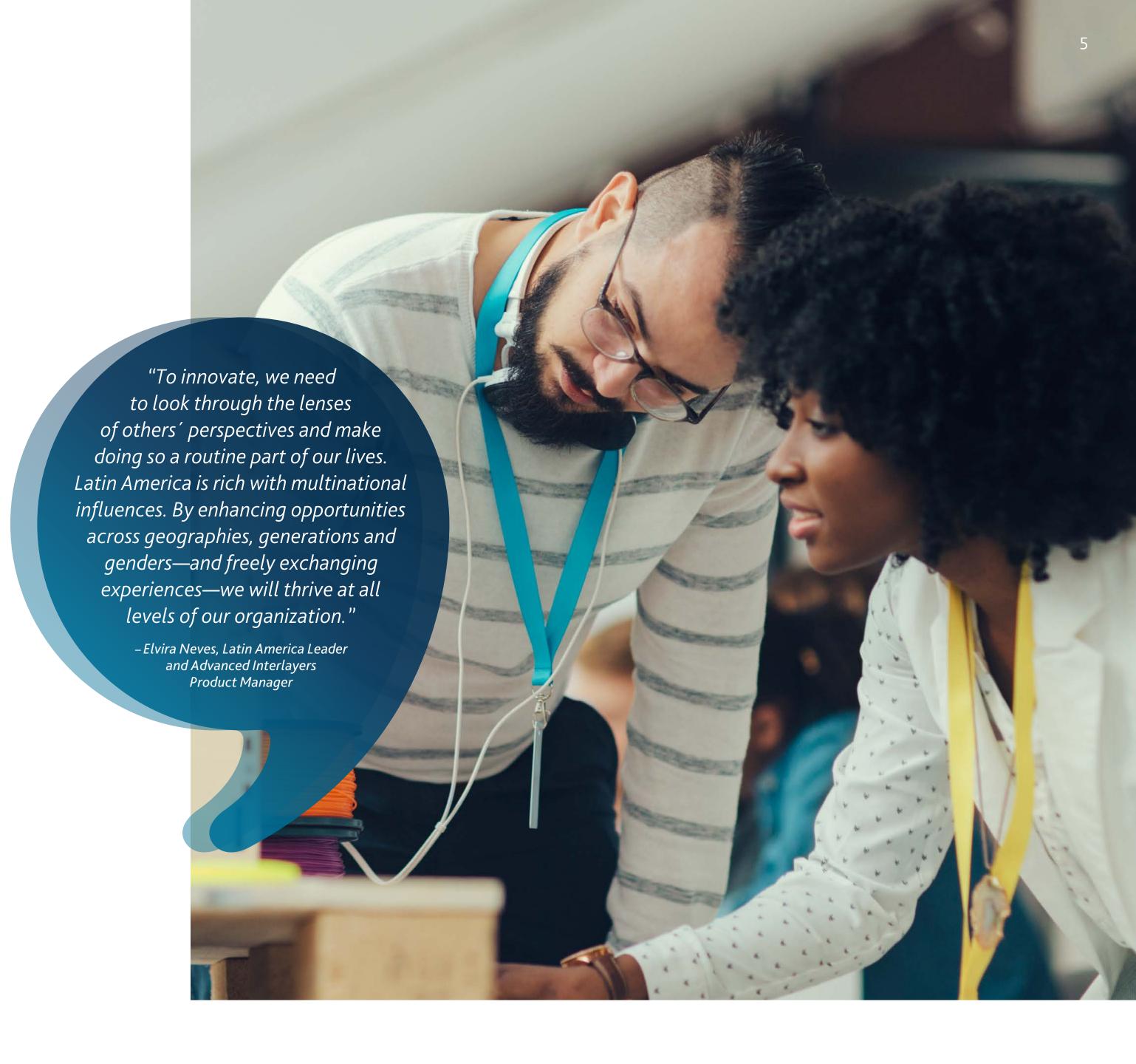
HITTING THE MARK

To increase team member diversity, we are committed to recruiting, retaining, and advancing people from a broad array of backgrounds and helping them thrive in the workplace.

To that end, we provide financial and programmatic support for scholarships and internships, including a recent commitment to the Future of STEM Scholars Initiative (FOSSI) in partnership with the American Institute of Chemical Engineers (AIChE). FOSSI provides scholarships and development opportunities in STEM education for students from underrepresented communities. We also have strengthened our partnerships with Historically Black Colleges and Universities, the University of Puerto Rico, and on-campus diversity organizations at additional schools. At professional and management levels, we are assessing how we identify and develop successors for key leadership roles. This includes collaborating with external organizations on investments in talent development, networking opportunities, coaching and targeted experiences for diverse leaders.

In terms of gender diversity, Eastman has publicly committed to achieve gender parity across all levels of the company by 2030. To support this goal, we joined the Paradigm for Parity® coalition of business leaders and leverage this relationship to accelerate progress in removing barriers to women's advancement.

This commitment has helped us increase the number of women in senior leadership positions in recent years, putting us on par with industry peers.











PAY EQUITY

Appropriate compensation is essential for creating an inclusive environment where diverse team members want to build long-term careers, and Eastman's compensation philosophy, principles and processes are designed to ensure all our team members are paid fairly and equitably.

Accordingly, Eastman has an independent third party assess our pay equity annually.

In general, we statistically analyze pay equity by comparing pay for people in the same jobs, job levels and locations. We complete this review annually during our Compensation Review process, when management makes pay decisions. The analysis considers such factors as gender, race and ethnicity (in the U.S.), performance, tenure, specialty skills and educational credentials.

"Eastman is committed to inclusion and diversity in the truest spirit of those words. Our goal isn't simply to hire diverse talent. We want to identify, develop, promote and reward diverse talent, while encouraging new ideas and perspectives from every team member."

Kellye Walker, Executive Vice President, Chief Legal Officer



WHERE WE STAND

At Eastman, we believe that inclusion and diversity are foundational to achieving our corporate ambitions.

While we've made progress, we need to take bolder action to bring our workforce demographics in line with broader talent availability in the marketplace and further increase representation of underrepresented groups in our workforce. To that end, we have set clear targets to increase diversity in leadership and non-management professional roles. We also are tracking team member perceptions of inclusion.

Numbers don't paint the full picture of our progress, but they do provide an indicator of how we are doing against our commitments. Compared to our peers, we are on par in representation of women in leadership roles. Our ultimate goal, however, is to achieve gender parity, and getting there will require more focused attention. Regarding racial and ethnic representation, we have even more work to do, as we currently are not where we need to be. To remedy this, we have committed to increasing underrepresented groups at a faster pace and have set specific targets to achieve by 2025 and 2030.



BY THE NUMBERS

Here's a look at Eastman's recent diversity representation by position:

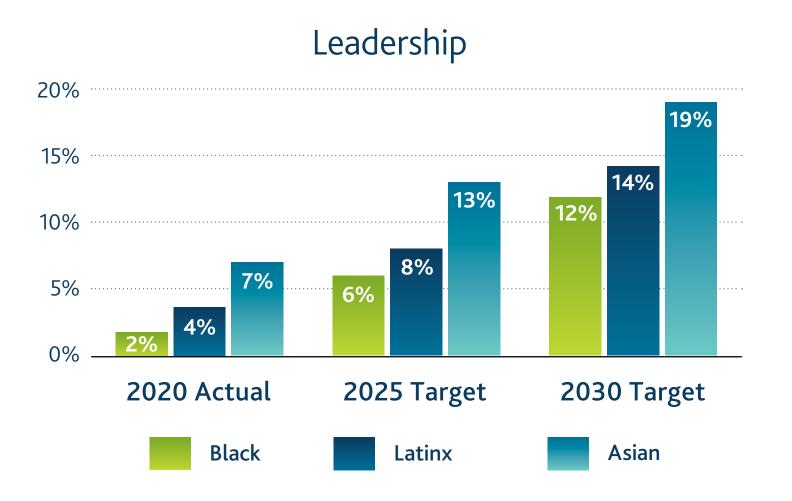
Racially and ethnically diverse team members by management level*

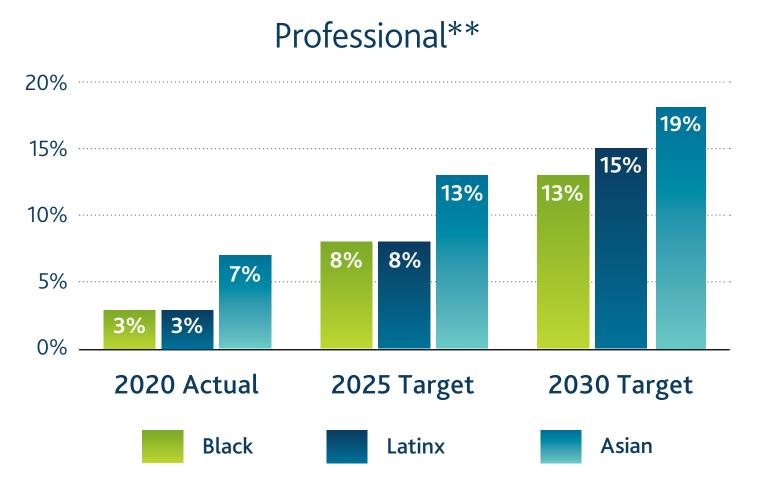
	2019	2020
Professional (non-manager)	14%	14%
Manager	10%	12%
Director	13%	14%
VP+	13%	15%
Total Eastman	13%	14%

Women by management level*

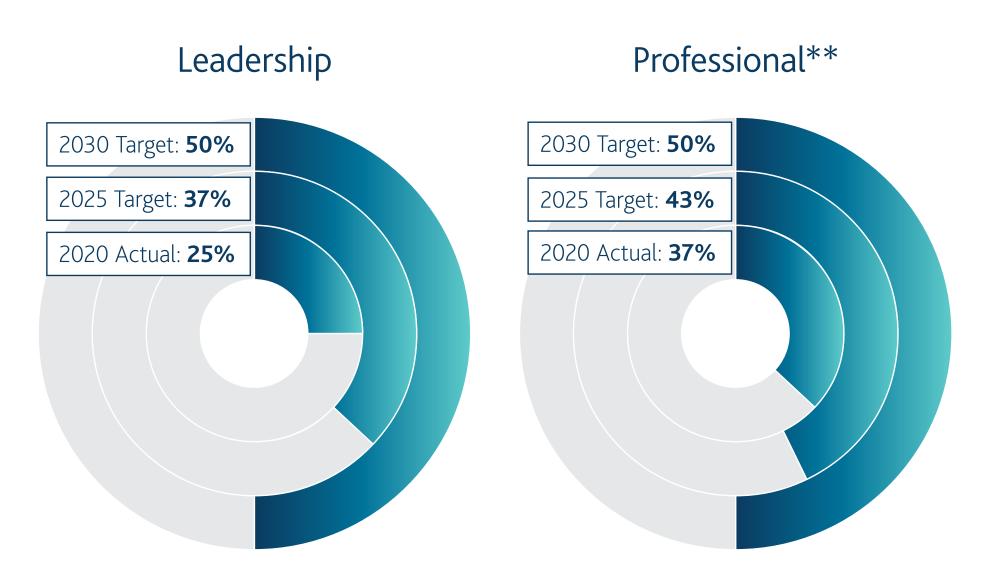
	2019	2020
Professional (non-manager)	36%	37%
Manager	26%	25%
Director	24%	25%
VP+	16%	20%
Total Eastman	35%	36%

Goal: Increase representation of racially and ethnically diverse employees to above industry levels by 2030.





Goal: Achieve gender parity by 2030.



Eastman's commitment to diversity extends to the highest levels of our company.

Currently, 36% of our Board of Directors are female and 18% are racially/ethnically diverse. At the executive team level, 13% are female and 25% are racially/ethnically diverse.

^{*}Racial and ethnic data reflect only the U.S.; gender representation is based on all Eastman team members globally.

^{**}Professional-level roles without management responsibility.



INCLUSION IN THE WORKPLACE

We measure inclusion using pulse surveys conducted regularly by an independent third party, and we use the results to guide action planning and gauge progress. Our most recent results indicate 87% of Eastman team members hold an overall positive view of an inclusive culture. Other results show:

86%

of team members
believe their manager
enables everyone
to contribute fully

84%

of team members feel they get ongoing feedback and coaching

87%

of team members believe their teams demonstrate inclusive behaviors 89%

of team members seek opportunities to apply our core Principles and Behaviors

Across groups, men and women report similar views on inclusion with no significant differences. There is, however, some variability across racial and ethnic groups, primarily in areas related to managers and teams creating inclusive environments. This has driven our focus on equipping leaders and all team members on their personal role in creating a more-inclusive culture.

"Building an inclusive culture is key to creating equitable opportunities that give everyone the chance to thrive and contribute. This requires coordinated effort, an open mind and, sometimes, uncomfortable conversations."

- Eryn O'Brien, Vice President, Global Talent & Inclusion

INCLUSION IN THE COMMUNITY

Fostering inclusive societies where Eastman team members work and live is as much a business imperative as advancing inclusion in the workplace. In the communities where we operate, we listen to and learn from prominent voices to understand our impact on local issues and identify how we can collaborate, break down barriers, promote respect for diversity, and encourage equality of opportunity for all people.

Eastman's Community Advisory Panels (CAPs) are key to our community engagement efforts. We have established CAPs primarily in the United States, where our operations have a large footprint and team member concentration, and use them to share news of Eastman activities, promote open dialogue and build relationships with individuals who are interested in our business.

The Eastman Foundation is another way we encourage social inclusion. Whether investing in teachers to strengthen quality access to math and science instruction in middle school and high school or partnering with local community colleges to administer Eastman-funded scholarships for disadvantaged students, the Foundation seeks to address inequalities through education and training.

Following the death of George Floyd, leaders of our Connect Eastman Resource Group (which focuses on tapping into the full potential of our Black/African American team members) structured a series of listening sessions, both inside and outside our walls. These candid discussions, which often involved community leaders, raised greater awareness of racial injustice and explored ways to solve problems in our local communities.



"Different regions of our business have unique customer needs and consumer behaviors. Having a culture that promotes inclusion and diversity helps us adapt our strategy to unmet market demands."

- Haitao Chen, Global Marketing Director, Consumer Durables

MITIGATE UNCONSCIOUS BIAS

Equip our teams to recognize and mitigate the impact of unconscious biases.

DIVERSITY IN LEADERSHIP

Increase diverse talent in leadership roles.

ACCELERATE

FOSTER AN INCLUSIVE CULTURE

Enable every team member to contribute to their full potential.

I&D IN ACTION: FOUR STRATEGIC PILLARS

Eastman's I&D strategy is centered around four pillars designed to build a high-performing organization and instill in every team member a sense of inclusion and empowerment. Each pillar is described in the pages that follow, including team member experiences that exemplify it.

"Having worked
across several regions, I've
experienced firsthand the benefits
and challenges of adapting to different
cultures. Eastman has a long history of
cross-cultural bridge-building, which gives us
unique problem-solving skills and a changeready mindset. We are on a transformative
journey, and strengthening our I&D
efforts helps fuel our growth."

- Petra Wood, Director of Global Supply Chain Operations

BUILD INCLUSIVE TEAMS

Bring underrepresented groups to above industry levels.



MITIGATE UNCONSCIOUS BIAS

Goal:

Equip our teams to recognize and mitigate the impact of unconscious biases.

Actions:

- >> Invest in experiential sessions for cross-sections of leaders and team members to explore ways to capitalize on differences, build inclusive leadership capability, and engage individuals on their personal role in creating a more-inclusive culture.
- >> Conduct workshops for leaders to explore how unconscious biases can impact their talent decisions, with practical tools and practice that lead to a personal Conscious Inclusion Plan they can implement with their teams.
- >> Incorporate measurable I&D goals into senior leadership scorecards.

"I realized it's
not enough to protect
people from a personal and
process safety standpoint.
We also need to protect
people emotionally."

- Mark Bogle

MEET MARK

Mark Bogle, Vice President, Tennessee Operations (he/him/his)

"I've worked at Eastman for over 40 years at locations across the U.S. and Southeast Asia. I thought my experiences had given me a diverse perspective on the world. Then I participated in an intensive three-day training session on unconscious bias. It was a real eye-opener. After hearing people's stories and how their life experiences have shaped them, it forced me to check my assumptions.

"We all have unconscious biases that stem from who we are and the lives we've lived. And those biases can hinder business performance and cause great harm to others. I realized it's not enough to protect people from a personal and process safety standpoint. We also need to protect people emotionally, so they can do their best work and fully contribute to the team.

"Toward that goal, I'm happy to say we've put a third of our Tennessee Operations leaders through the training and plan to train the rest in 2021. We're also being more deliberate in our selection and leadership development processes, to ensure we have diverse slates of candidates. Every leader has specific metrics to achieve, and participant response to unconscious bias training has been very positive. We still have a ways to go, but Eastman's commitment to I&D is enabling us to press ahead and do the right things."

FOSTER AN INCLUSIVE CULTURE

Goal:

Enable every team member to contribute to their full potential.

Actions:

- >> Encourage leaders and team members to become stronger allies and advocates for inclusion and diversity both at work and in their personal lives through I&D 101 and Allyship training.
- >> Support Eastman Resource Groups (ERGs) and their efforts to promote an equitable, inclusive workplace. ERGs provide a collective voice on issues and concerns related to a specific community. They also cultivate members' professional development through leadership, skill-building, mentorship and networking opportunities.
- >> Strengthen our commitment to cross-cultural diversity by investing in an online learning platform that promotes global collaboration and inclusion.



BUILD INCLUSIVE TEAMS

Goal:

Bring underrepresented groups to above industry levels.

Actions:

- >> Strengthen relationships and increase our presence at educational and professional organizations to broaden sourcing of talent from underrepresented groups and further diversify candidate slates, including increasing our investments in Historically Black Colleges and Universities.
- >> Mitigate unconscious bias in selection processes by broadening diversity of interview teams, restructuring the interview process, and training hiring managers to recognize and eliminate bias.
- >> Implement new benefits that foster inclusion, including paid parental leave, expanded domestic partner benefits, new fertility and surrogacy benefits, and a new pre-Medicare health care plan.



MEET REINALDO

Reinaldo Alvarado Torres, Advanced Technical Service Representative (he/him/his)

"Before joining Eastman in 2014, I did four engineering co-op rotations here as a student at the University of Puerto Rico. After graduating, I was hired into our Worldwide Engineering & Construction Division as a chemical engineer. Part of my job was supporting capital projects for new plants and expansions, which involved interacting with various engineering teams, manufacturing and other groups. It was a great first experience.

"Four years ago I moved into a customer-facing role in Technical Service for Coatings & Inks supporting Latin America. I support customers in the region and work with Eastman's local team members. It's a good job for me because I not only understand our customers' technical needs. I also share with them a common language, culture and heritage. This helps to build trust, and it feels good to be appreciated by Eastman for the value I contribute.

"I'm also active in our Mosaic ERG, whose goal is to ensure Eastman gets the full value that Latinos and Hispanics can deliver for our company. We focus on recruiting and sourcing talent, matching people with mentors, and developing high-potential leaders. We also welcome new team members and help them make connections at work and in their communities. I've seen our inclusion efforts pay off, and I'm proud to be part of it."

ACCELERATE DIVERSITY IN LEADERSHIP

Goal:

Increase diverse talent in leadership roles.

Actions:

- >> Drive increased focus on diverse talent in succession pipelines through quarterly executive talent reviews.
- >> Require diverse candidate slates for internally and externally hired leadership positions.
- >> Accelerate diverse team member readiness for senior leadership roles by investing in targeted development, mentorship and sponsorships programs.



MEET DERIKA

Derika Vidale, Digital Service Manager, Human Resources (she/her/hers)

"I bring a lot of value to Eastman, but it's not just in the diversity that you see. It is in the diversity of thought and experiences which allow me to view business challenges and opportunities in a new way. Having worked at other companies and in other industries, I bring a different perspective, a different way of thinking, and a different way of leading to Eastman. This is my value...and for my contributions, Eastman has recognized and rewarded me.

"I've had leadership grooming throughout my career.

However, the experiences in leadership programs here at Eastman like the PIVOT and LEAD programs coupled with challenging and rewarding job assignments have accelerated my leadership journey. The PIVOT program gave me the tools to make the pivot from individual contributor to front line leadership, and the LEAD program further enhanced those qualities by driving me to think and lead at an even higher level.

"Since joining Eastman, I've moved from an individual contributor role, to front line leadership, and to manager level. In my current role as Digital Service Manager, I have the awesome opportunity to partner with HR to drive their digital strategy."

EASTMAN RESOURCE GROUPS

Eastman Resource Groups help build awareness and understanding of the value and unique qualities of diverse team member populations. They are vital to achieving our I&D strategic pillars and creating an inclusive culture.

They also help Eastman's underrepresented workforce grow professionally, network with colleagues and maximize their business contributions.

We currently have five ERGs dedicated to identifying and removing barriers to success through established strategies. Each one is chaired by a team member representative and sponsored by a senior executive. Any Eastman team member can join or participate in any ERG—either as a member of that community, an ally or just to learn more.

"ERGs help us tap
into the full potential of our
diverse workforce, leveraging
people's unique backgrounds,
experiences and skill sets. They
also offer a great platform for us to
continue to develop a more diverse
leadership for our future."

- Lucian Boldea, Executive Vice President, Additives & Functional Products and Chemical Intermediates



Acts as a catalyst for advancing women's career and leadership development opportunities and ensuring women receive recognition for their contributions.



Promotes the inclusion,
development and
advancement of African
American and Black team
members throughout
the company.



Ensures LGBTQ team members and their allies are visible, fully accepted and empowered to be authentic in all aspects of employment.



Supports an environment where military veterans and active reservists are fully engaged and their unique skills are integrated and valued.



Leverages the unique backgrounds, skill sets, and talents of Latinos and Hispanics to drive innovation and business growth.

AWARDS AND RECOGNITION

Eastman is making steady progress in its quest to be a global leader in inclusion and diversity—and our efforts have been recognized. Here are some of the honors we received in 2020.

Click the logos to learn more about these awards and why Eastman was chosen. If you're reading this on paper, please visit the rating organization's website.



The Wall Street Journal World's Most Sustainably
Managed Companies
2020 WSJ top 100 list



Ethisphere's World's Most Ethical
Awarded in 2020 for the seventh straight year;
one of only two chemical companies



Minority Engineer Magazine Top 50 Employer
2021 Readers' Choice Award for positive working environment for
engineers who are members of minority groups and diverse cultures



HRC Foundation Best Places to Work for LGBTQ Equality 2021 Scored 100 for corporate policies and practices related to LGBTQ workplace equality



Military Times Best for Vets Employers 2020
For commitment to providing opportunities to America's veterans



Victory Media Military Friendly® Employer Award Earned for the fifth straight year in 2020



Employer Support of the Guard and Reserve
Highest recognition by the U.S. government for outstanding
support of team members serving in Guard and Reserve



MOVING FORWARD

While Eastman is a materials innovator, we don't exist to make materials. Our purpose is to make people's lives better in meaningful, measurable ways. As both a corporate citizen and global employer, we strive to have a positive social and environmental impact, and that means doubling-down on inclusion and diversity. Accordingly, we are acknowledging I&D gaps and opportunities, setting clear goals for improvement, and taking bold steps to reach our objectives.

Eastman's growth strategy calls for INNOVATING FOR A BETTER CIRCLE. Just as we are dedicated to mitigating climate change and mainstreaming circularity, we are committed to caring for society.

Addressing these challenges is not only key to enhancing the quality of life for all people—it's essential to the ongoing success of our business.







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